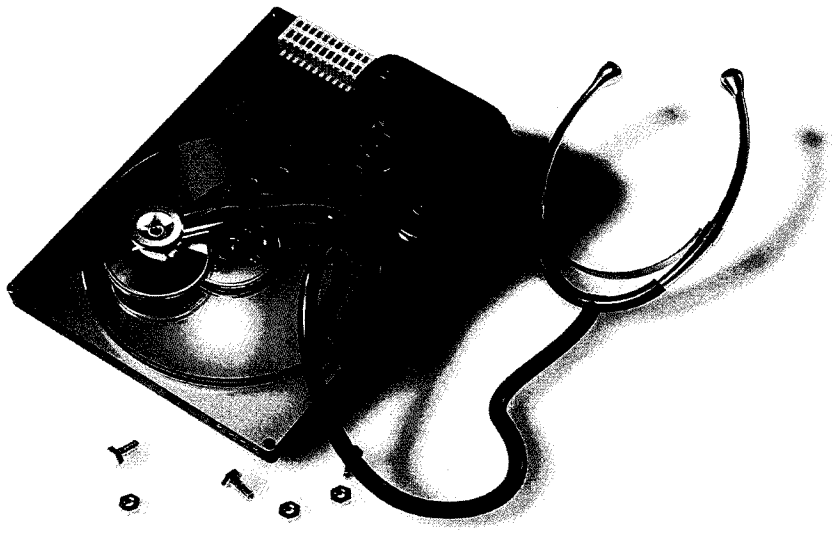
2009

EXHIBIT 1
DATE 3/6/09
HB 86

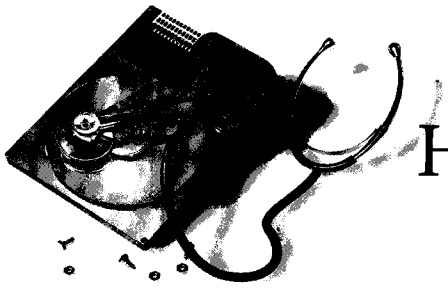
HealthShare Montana



Legislature Information Packet

1/28/2009

Table of Contents



Health Share Montana

An Overview, February 2009
www.healthsharemontana.org

HealthShare Montana (HSM) is among the broadest and most diverse organizations of healthcare leaders and stakeholders in Montana. Its 21 member board includes representatives from state government, major payers, consumer groups, large and small healthcare facilities and individual physicians. It includes 55 participating organizations and has received a resolution of support from the Montana Medical Association.

HealthShare Montana's mission is to support the health of all Montanans through the development of statewide health information exchange (HIE) infrastructure. The infrastructure will have the capacity to support health information delivery to the point-of-care, enable point-of-care clinical decision support to assist with preventive care and management of chronic illness, will allow performance reporting and will enable electronic prescribing with medication reconciliation.

HIE capabilities will be developed according to requirements that will allow its eventual inclusion as a National Health Information Exchange (NHIE) site representing the State of Montana in the National Health Information Network (NHIN).

The National Governors' Association:

An October 2007 report to the National Governors' Association (NGA) from its Health Information Communication and Data Exchange Taskforce included the recommendation that by the end of 2008 each state should "develop and test exchange architectures incorporating existing and approved standards." This HealthShare Montana initiative allows Montana to begin implementing the operational recommendations of the NGA Taskforce. Governor Brian Schweitzer recently stated "that national studies show medical costs could decrease by up to 30% if we had electronic medical records." (www.montanasnewsstation.com, August 20, 2008.)

The Continuity of Care Record (CCR):

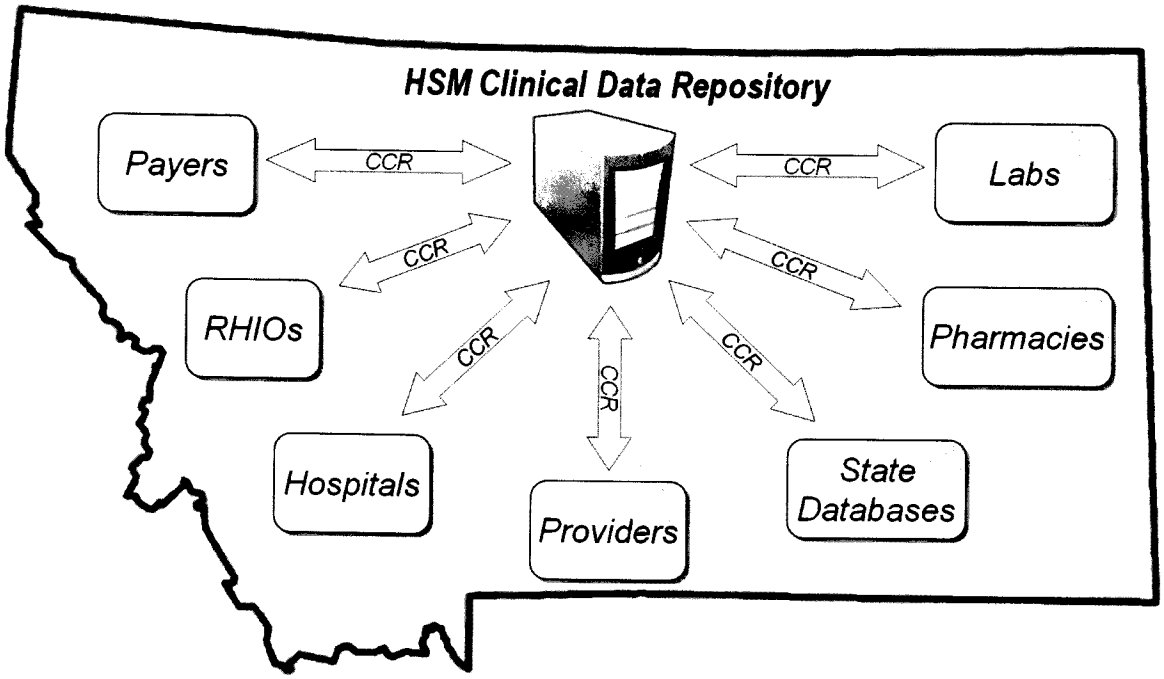
CCR is a national standard which is rapidly becoming one of the most effective methods for conducting HIE among organizations, physicians and patients. In place of the complex and costly data standardization and information systems integration often needed at the enterprise level of operations, CCR is both a content and a technical standard that allows the exchange of essential healthcare information among loosely-coupled systems. The CCR can be thought of as an electronic envelope allowing a core set of the most relevant health information about any individual to be securely shared through any web browser. It can contain information from many clinical documents including but not limited to problem lists, medication lists, laboratory results,

progress notes, history & physicals, discharge summaries and procedure reports. It can also include record locators and links to the more comprehensive information available in contributing systems.

HSM's extensive evaluation of the different models of health information exchange being used around the country led it to focus on CCR-based hybrid architecture as a simple and sustainable solution to HIE. Hybrid architecture means that the CCR extract of information is centralized for exchange and analysis while all other information remains in its originating system. The CCR-based system being proposed by HSM is designed to work with, not to replace, whatever HIT infrastructure is present in participating organizations and healthcare sites.

As an example of a successful CCR-based information exchange, The Northern Illinois Physicians for Connectivity is a CCR-based health information exchange that received the 2007 "Towards the Electronic Patient Record" CCR Award. An article in Bio-IT World following the award noted "It could be that the CCR is the only business model that works for a RHIO."

The State of Florida is using CCR and hybrid architecture as a vehicle for health information exchange among many collaborating organizations. The Florida Health Information Server takes CCR exports from multiple systems around the state including RHIOs, payor databases, government databases and various miscellaneous databases for centralized information analysis and sharing among participants. Closely following the Florida model, the graphic below illustrates the proposed HSM architecture.



Consistent with an HSM project designed to communicate among but not to replace existing local and regional systems, Governor Schweitzer stated that "today there are several systems that are being deployed around the state. We're looking for a single

system that is able to communicate with all of the different systems across Montana." (www.montanasnewsstation.com, August 20, 2008.)

Most recently, and perhaps most dramatically for proponents of the CCR standard, Google Health has chosen it as the underlying communications standard for its Personal Health Record initiative launched earlier this year. Using CCR, the developing HSM system will be able to exchange information with Google Health or with any CCR-compliant PHR to vastly widen its information sources and recipients for HIE.

Information contained in the CCR is exchanged through a clinical data repository (CDR) that provides the basis for disease management and population health analysis, analogous to a project currently being proposed by the American Academy of Family Practice (http://www.centerforhit.org/PreBuilt/AAFP-CDR-RFI-RFP.pdf). The patient summary records contained in the resulting CDR can be queried for information exchange, used to populate a personal health record (PHR), used to reconcile medications from different providers, analyzed for population health at any geographical level including practice level, or used to provide clinical decision support at an individual patient's point-of-care.

What will a state-wide CCR-based CDR give to Montana?

- Safer and better quality healthcare because providers will have the right information in the right place and at the right time (HIE) to make better decisions that can reduce medical errors and improve treatment outcomes.
- Information exchange that also allows data to be aggregated and analyzed for powerful disease management capabilities that can be used to improve healthcare outcomes and so reduce cost and increase access to care.
- A cost-effective mechanism for Montana healthcare providers without full EHR systems to participate in HIE, obtain improved disease management capability including point-of-care decision support, use electronic prescribing and comply with Federal data reporting initiatives.
- A link to Personal Health Records (PHR) that can allow people to keep secure and easily accessible records of their own health information, more actively engaging the patient in the healthcare process.
- Disaster preparedness that creates centralized back-up of essential medical records. During hurricane Katrina medical records were destroyed when left behind to face the storm; devastating the delivery of care and costing millions.
- The ability to develop a state-wide NHIE that will allow Montana to participate in the evolving NHIN.
- Provide health information technology infrastructure and the critical data analysis capabilities that will assist Montana healthcare providers to effectively participate in the evolving healthcare delivery system reforms proposed by Senator Max Baucus in his Call to Action, Reform 2009.

Funding:

HSM Board and Workgroup members all serve as volunteers. HSM stakeholders have contributed approximately $50,000 in cash, and vastly more in time, over the past two years to assist with start-up operating needs.

The project budget for 2009 – 2011 addresses two components: HSM operations and information technology costs. The estimated two year total is $1.5M for both general HSM operations and for the CCR-based HIT system to be deployed in its first phase to up to 100 providers.

The Children, Families, Health, and Human Services Interim Committee of the Montana legislature has recommended that HSM receive funding and Governor Schweitzer has included $750,000 in his budget that can be used for this purpose. Senators Baucus and Tester have included a $750,000 earmark for HSM in pending Federal legislation. HSM stakeholders will be requested to contribute funds to sustain basic operations until state and federal funding become available in late 2009.

Current Workgroup Activity:

Clinical Workgroup:

The Clinical Workgroup will determine project priorities for (1) the order of implementation of the many possible functional capabilities discussed above and (2) the types of data imported to the CCR during the various phases of the project.

Privacy and Security Workgroup:

Based upon the Markle Foundation's Connecting for Health[SM], Common Framework for Networked Personal Health Information (http://www.connectingforhealth.org/phti/) the Privacy and Security Workgroup is developing Montana-specific procedures and documents intended to safeguard the privacy and use of personal health information.

Financial Workgroup:

The Financial Workgroup will determine the business plan and detailed sustainability requirements necessary to support the clinical priorities and outputs defined by the Clinical Workgroup.

Contact Information:

Kristin Juliar
Chairman of the Board of Trustees, HealthShare Montana
Director, Montana Office of Rural Health/Area Health Education Center
304 Culbertson Hall
PO Box 170540
Montana State University-Bozeman
Bozeman, Montana 59717-0540
kjuliar@montana.edu
406-994-6003

Cleary N. Waldren
HSM Project Coordinator
1102 East Commercial Ave.
Anaconda, MT 59711
CWaldren@chofa.net
406-563-8600

HealthShare Montana Board

Member	Position
* Kristin Juliar	Chair
*Dwight Hiesterman	Vice-Chair
*Greg Drapes	Secretary
*Keith Wolcott	Treasurer
*Mike Foster	Legislative Workgroup
*Chris Stevens	Technology Workgroup
*Mike Schweitzer, MD	Clinical Workgroup
*Jan VanRiper	Privacy and Security Workgroup

Member	Title	Affiliation
Lil Anderson	CEO/Health Officer	Yellowstone City/County Health Department/Deering Community Health Center
Tanya Ask	VP of Government Affairs	BC/BS
Jan VanRiper	Consultant	East Carolina University
Gail Briese-Zimmer	Administrator, Office of Planning, Coordination & Analysis	Department of Health and Human Services
Dick Clark	CIO	State of Montana Information Technology Services Division
Candy Deruchia	Director of Information Services	Kalispell Regional Medical Center
Greg Drapes	CEO	Monida Healthcare Network
Mike Foster	Regional Director of Advocacy	St. Vincent Healthcare
Dwight Hiesterman, MD	Clinical Consultant	Mountain-Pacific Quality Health
Kristin Juliar	Director	Montana Office of Rural Health/AHEC
Jack King	Executive Director	Northcentral Montana Healthcare Alliance
Steve McNeece	CEO	Community Hospital of Anaconda
Bob Olsen	Vice President	Montana Hospital Association
William Reiter, MD	Chief Medical Officer	Community Hospital of Anaconda
Mike Schweitzer, MD	Medical Director, Peri-operative Services	St. Vincent Healthcare
David Kibbe, MD	Senior Advisor	American Academy of Family Physicians
Chris Stevens	Vice President and CIO	Billings Clinic
Kami Syvertson	Information Systems Analyst	Bozeman Deaconess Hospital
Cherie Taylor	CEO	Northern Rockies Medical Center
Mark Wakai	CEO	Rocky Mountain Health Network
G. Brian Zins	Exec. Vice President and CEO	Montana Medical Association

Current Stakeholders

- BC/BS - Blue Cross/Blue Shield
- Benefis Healthcare
- Big Horn Hospital Association
- Billings Clinic
- Bozeman Deaconess Hospital
- Community Hospital of Anaconda
- Community Medical Center of Missoula
- DPHHS - Department of Public Health and Human Services
- Employee Benefit Management Services, Inc.
- Fallon Medical Complex
- Glacier Community Health Center
- Great Falls Clinic
- HealthCenter Northwest
- Heath-e-Web
- Holy Rosary Healthcare
- InfoMine of the Rockies, Inc.
- Ingenium Data Technics, Inc.
- Kalispell Regional Medical Center
- MAHCP (Montana Association of Healthcare Purchasers)
- Marcus Daly Memorial Hospital
- Marias Medical Center
- MHA - Montana Hospital Association
- MHREF - Montana Health Research and Education Foundation
- MMA - Montana Medical Association
- Monida Healthcare Network
- Montana Frontier Healthcare Network
- Montana Mental Health
- Montana Office of Rural Health and Montana Area Health Education Center
- Montana State Auditor's Office
- Mountain-Pacific Quality Health
- Mount Powell Medical Society
- MPCA - Montana Primary Care Association
- MT Tech – Healthcare Informatics Degree Program
- MT Tech – National Center for Healthcare Informatics
- New West Health Services
- North Valley Hospital
- Northcentral Montana Healthcare Alliance
- Northern Montana Hospital
- Northern Rockies Medical Center
- Northwest EHR Collaborative, Inc.
- Office of U.S. Senator Max Baucus
- Pondera Medical Center
- Powell County Medical Center
- Rocky Mountain Health Network

- Statewide Healthcare Coalition
- St. James Healthcare
- St. Joseph Hospital
- St. John's Lutheran Hospital
- St. Luke Community Healthcare
- St. Patrick Hospital & Health Sciences Center
- St. Peter's Hospital
- St. Vincent Healthcare
- Synesis 7
- Western Montana Clinic
- Yellowstone City-County Health Department

HeatlhShare Montana

Financial Contributions for Start-Up Operations

January, 2009

MT Medical Association on behalf of Mt Powell Medical Society	**$ 500**
Community Hospital of Anaconda	**$ 1,000**
Blue Cross/Blue Shield	**$20,000**
St.Vincent's/Sisters of Charity	**$10,000**
Billings Clinic	**$10,000**
Rocky Mountain Health Network	**$10,000**
Allegiance	**$ 2,500**
Monida	**$ 4,000**
New West Health Services	**$ 5,000**
Montana Office of Rural Health	**$ 500**

TOTAL: **$63,000**

MAX BAUCUS
MONTANA

WASHINGTON, DC
(202) 224-2651

MONTANA TOLL FREE NUMBER
1-800-332-6106

INTERNET:
max_baucus@baucus.senate.gov
http://www.senate.gov/~baucus

United States Senate

WASHINGTON, DC 20510-2602

December 19, 2008

Hello Friends,

I'm sorry I can't be with you in person. I'd like to thank Cleary Waldren, all the HealthShare Montana stakeholders and the folks at Community Hospital of Anaconda for sharing my commitment to keeping Montanans healthy.

HealthShare Montana is doing a tremendous job- working to ensure Montanans get the top quality care they deserve. I'm so proud of the work you have done and are continuing to do. Please keep up the good work!

Like the folks in this room, I strongly believe every Montanan deserves access to quality affordable health care. As chairman of the Senate Finance Committee, I'm leading the charge for health care reform. Establishing HSM was just a first step. Last month, I issued a "Call to Action," which laid out my plan for health care reform. It's a blueprint that will provide universal health coverage, reduce health care costs and improve health care quality. My plan includes implementing a technology based medical records system would streamline the health care application process.

We must find solutions to our health care crisis and by working together. HealthShare Montana is a perfect example of the value of cooperation. Together, I'm confident we will make great strides in health care reform.

I'd like to wish you each a peaceful and happy holiday season and wonderful new year!

All the best.

Max

BILLINGS (406) 657-6790 | BOZEMAN (406) 586-6104 | BUTTE (406) 782-8700 | GREAT FALLS (406) 761-1574 | HELENA (406) 443-3480 | KALISPELL (406) 756-1150 | MISSOULA (406) 329-3123

HealthShare Montana
Implementation Plan

Phase 1: Requests for Proposals to implement Health Information Exchange with Initial Healthcare Constituents

All interested constituents will apply through a request for proposal process to be the initial implementers of health information exchange. Constituents are hospitals, providers, facilities and departments who are stakeholders of HealthShare Montana with the capacity and interest to implement health information exchange.

Phase 2: Initial Implementation

Five to 10 constituents that consist of some mix of hospital, hospital emergency department, clinic, DPHHS/Medicaid, Indian Health Services, long term care facility, primary care provider with somewhat advanced health information technology capabilities and a provider with no available health information technology will be selected via the RFP process. The implementation plan will be the utilization of the CCR and its contents to ease the transition of care as the patient travels back and forth between the primary care provider, hospital, clinic, nursing home and emergency department.

Functionality – Via the CCR, access to the following:

- Registration information and demographics including insurance information
- Advance directives
- A specific list of current lab values,
- Current medication list
- Record consolidation capability (CCR)

Performance Metrics

- Successful exchange of information across the spectrum of users
- Successful query of patient data and accrual of population data
- Exchanged data elements
- Number of providers participating
- Implementation of disease management
- Development of personal health records

Phase 3: Statewide Rollout

After a year of proof of concept, rollout of the model described above across the entire state of Montana will proceed on an incremental basis where each naturally occurring geographic market area is brought online one a time. Use of existing networks and relationships among healthcare providers will provide the basis for rollout implementation.

HealthShare Montana
Privacy and Security Principles

November 26, 2008

HealthShare Montana (HSM) believes that an individual's health care records should be private and secure. It also believes that patients should have a simple and convenient way to send their records to the health care professionals who treat them. HSM's health information exchange will give patients and their health care professionals the opportunity to share information electronically according to the privacy controls set by the individual patient and their provider. HSM will hold itself to a higher standard for privacy and security protection than under either federal law (known as HIPAA[1]) or Montana state law.

HSM, as the state-wide health information organization, will develop policies and procedures that reflect the privacy and security principles below. These principles seek to: 1) advance each individual's control of and access to their personal health information, 2) allow efficient, secure provision of their personal health information to their chosen health care professionals, and 3) enable opportunities for data driven improvement in the public health of all Montanans.

The following privacy and security principles apply to HSM's collection, use, and disclosure of personal health information.[2]

- **Openness and Transparency.** The governance and administration of HSM will be transparent, including any future changes to this document. Public participation in the process is welcome. Openness about developments, procedures, policies, technology, and practices with respect to the treatment of personal health information is essential to protecting privacy and building trust. Individual patients should be able to understand what information is available about them through HSM, how that information may be used, and how they can exercise reasonable control over that information. This transparency helps promote privacy practices and builds confidence in individuals with regard to information privacy, which in turn should increase participation in HSM and other health information exchanges.

---

[1] Health Insurance Portability and Accountability Act, Public Law 1004-191.

[2] The term "personal health information" or "information" as used in these principles means health information, including demographic information, that relates to the past, present, or future physical or mental health or condition of an individual or to the past present, or future payment for the provision of health care to an individual if there is a reasonable basis to believe the information can be used to identify the individual. This definition includes, but is not limited to, HIPAA "protected health information" (see 45 CFR 160.103, which incorporates the definition of "individually identifiable health information") and such information protected under Montana state law.

- **Participation and Control.** Participation in HSM is voluntary and patients may withdraw at any time. Patients have the right to know what information HSM collects about them, how it is used and who is accessing it. Patients should have control over the distribution of their personal health information. Any exceptions to patient control should be explicit and in accordance with existing public health laws so that each patient can make an informed choice about their participation.

- **Access to Information**. HSM will facilitate, if it is not otherwise available, secure access by individuals to their information stored with or shared through HSM. Individuals will have the ability to designate other people who may have access to their personal health information.

- **Information Collection, Use and Disclosure**. Collection, use, and disclosure of personal health information through HSM, including information for research and public health purposes, will be limited to that which is legally permissible and for a legitimate purpose allowed and disclosed by HSM. HSM will make available upon a patient's request an accounting of all disclosures of personal health information made through HSM.

- **Information Confidentiality, Integrity and Availablity.** HSM will implement reasonable safeguards to protect the privacy and security of any information it receives, maintains or transmits. Any entity that provides personal health information to HSM must also have in place appropriate administrative, technical, and physical safeguards to protect the privacy of that information and to ensure the confidentiality, integrity, and availability of electronic personal health information it creates, receives, maintains, or transmits. HSM will not accept information from any entity unless it is reasonably confident that the entity providing information has implemented policies and procedures that safeguard the information's confidentiality, integrity and availability.

- **Accountability and Oversight.** HSM will establish a mechanism to respond to complaints by individuals of inappropriate or unauthorized access to or use or disclosure of personal health information through HSM. HSM will require that any entity participating in HSM or accessing information through HSM provide privacy and security training to anyone who has access to personal health information through HSM. HSM will conduct periodic audits to ensure appropriate use and disclosure of personal health information and will monitor suspicious activities. HSM may report privacy violations to appropriate government oversight agencies, and will fully cooperate with any government investigation of breaches of privacy and security laws by HSM or any participating entity or individual.

- **Remedies, including Mitigation.** HSM will exclude any entity from participation in HSM who fails to maintain adequate privacy and security policies and practices. HSM will require participating entities to have and apply appropriate sanctions against any member of its workforce or any business associate who violates HSM's privacy and security policies, and may exclude an entity that fails to adequately implement such disciplinary policies from participation in HSM. HSM may deny access to personal health information to any person HSM reasonably believes has violated HSM's privacy and security expectations. HSM will notify participating entities of any security breach or privacy violation by HSM or its agents related to information provided by that participating entity, and will cooperate fully with the participating entity in notifying individuals affected by the breach to the extent doing so is reasonable and necessary to remedy any harm. HSM will take steps to mitigate, to the extent practicable, any harmful effect of a use or disclosure of personal health information in violation of its policies and procedures or agreements with participating entities.

HealthShare Montana *January 2009*	Year One	Year Two	Total
Health Information Exchange Infrastructure			
Disease Management	$60,000	$60,000	$120,000
Set-Up Imports, Implementation	$30,000	$6,500	$36,500
Interfaces, programming	$15,000	$10,000	$25,000
Interfaces, Maintenance	$12,000	$12,000	$24,000
Disease management clinical support	$18,000	$18,000	$36,000
Electronic prescribing	$36,000	$36,000	$72,000
Personnel Health Record physician link	$50,000	$50,000	$100,000
Participating Site expenses	$150,000	$150,000	$300,000
Central Hardware Platform	$84,000	$84,000	$168,000
Sub Total	***$455,000***	***$426,500***	***$881,500***
Operations			
Personnel - Executive Director	$105,000	$110,000	$215,000
Personnel - Assistant Director	$82,000	$83,500	$165,500
Personnel - Administrative Assistant	$25,000	$25,000	$50,000
Travel - Instate (100 days/year)	$25,000	$25,000	$50,000
Travel - National HIT Meetings	$5,000	$5,000	$10,000
Office Equipment/Furniture	$4,000	$4,000	$8,000
Legal Services, Operations/Privacy and Security	$20,000	$20,000	$40,000
Liability Insurance	$20,000	$20,000	$40,000
Internet Services Development/Maintenance	$20,000	$20,000	$40,000
Sub Total	***$306,000***	***$312,500***	***$618,500***
Total	**$761,000**	**$739,000**	**$1,500,000**

Projected Revenue Sources

State Allocation	**$750,000**
Federal Allocation	**$750,000**
Total	**$1,500,000**